

IFRS Sustainability Symposium

February 22 – Virtual (Video Recording)

Speech of Jean-Paul Servais, FSMA and IOSCO Board Chair

Get ready for jurisdictional adoption: How regulators are responding to the ISSB Standards

10:55 Jean-Paul Servais, Chairman of the Board, the International Organization of Securities Commissions (IOSCO) will open this session to reflect on the current international regulatory environment for sustainability disclosure.

Sue Lloyd, Vice-Chair, ISSB will then host a discussion with Satoshi Ikeda, Chief Sustainable Finance Officer and Deputy Commissioner, International Affairs, Financial Services Agency, Japan, João Pedro Nascimento, Chairman, Comissão de Valores Mobiliários, Brazil, and Nandini Sukumar, CEO, the World Federation of Exchanges (WFE) to reflect on why and how regulators are moving to introduce the ISSB Standards.

1/ Introduction

Ladies and gentlemen,

I am honoured to open the first panel of today's symposium in my capacity as the IOSCO Board Chair, although unfortunately I could not be there with you in person.

As most of you will know, IOSCO is the international standard-setting body for the regulation of securities markets.

We take pride in our role of developing, implementing, and promoting adherence to globally acknowledged standards for capital markets.

As a truly global body, IOSCO unites over 130 authorities regulating a staggering 95% of financial markets.

Our journey with the IFRS Foundation has been longstanding. And I want to remind you that more than 20 years ago IOSCO formally endorsed the IFRS financial reporting standards.

It is an understatement when I say that IOSCO's endorsement decision gave a strong impetus to their adoption around the world.

More recently, IOSCO gave instrumental support to the establishment of the International Sustainability Standards Board at COP26 in Glasgow.

2/ ISSB

Since then, IOSCO engaged closely with the ISSB to offer feedback from securities regulators and ensure that the inaugural framework would be fit for purpose for capital markets.

This has been a positive journey, and I want to thank Erkki Liikanen, Emmanuel Faber and Sue Lloyd and all those who contributed to this constructive and impactful journey.

This positive attitude was necessary to progress and made it possible for IOSCO to give an historic endorsement of the first sustainability disclosure standards of the ISSB.

This decision to endorse the inaugural framework marks a major step towards consistent, comparable and reliable sustainability information in the interest of investors and issuers alike.

Now that we have the Standards, jurisdictions must consider ways in which they will adopt, apply or be informed by those Standards in their own local settings. I therefore welcomed the European Commission's adoption of the ESRS, effectively integrating the ISSB Standards.

This is important because what jurisdictions do will determine how corporates behave and whether we will achieve global comparability of sustainability reporting.

We must now move toward implementation and IOSCO will play its role in assisting jurisdictions as they consider implementing the ISSB Standards. IOSCO acknowledges the ongoing efforts of the ISSB to develop an adoption guide to support jurisdictions in their implementation considerations of its standards, as well as to provide educational materials to help the corporate sector in applying the standards.

This adoption guidance should be purported to encourage jurisdictions to embark on this journey, and I hereby commend the decision made by my Brazilian colleague Joao Pedro who will be speaking after me to adopt the ISSB framework.

Moreover, IOSCO is committed to collaborating with the ISSB and other global stakeholders to deliver a sound capacity building program to support the wider roll-out of sustainability disclosures.

IOSCO also looks forward to the ISSB's future work on new focus areas to meet market demand for information on sustainability-related risks and opportunities.

In recent years, there has been a growing focus on the publication of transition plans to support net-zero commitments. In order to address the risks of an alphabet soup of different global transition plan frameworks, IOSCO is monitoring any risks of fragmentation and inconsistency. The focus here is on investor protection and market integrity, while liaising with other international bodies such as the FSB.

3/ Assurance and Ethics standards

Besides the disclosures themselves, IOSCO has stressed the importance of building trust. It is our view that trust in disclosures will be enhanced when they receive external assurance based upon globally accepted technical and ethical standards, and also around independence of assurance providers.

This is why IOSCO welcomed the consultations by the global audit standard setters on audit/assurance for sustainability disclosures and on the independence of relevant assurance providers.

4/ Wrap-up

We can be incredibly proud of what we have achieved so far, but we must ensure to continue on this path.

We are therefore looking forward to further collaborating with the IFRS Foundation and the ISSB.

With this, ladies and gentlemen, let me thank you for your attention and wish you an insightful event.